

# Franchising in Russia

Development in the “regions”

Derek R. Miller  
Broadway Pizza

# Who am I?

- 14 years in Russia, entrepreneur from 2002
- Broadway Pizza – own brand
- Opened four quick-service pizzerias in 2 years, still opening
- Based in Nizhny Novgorod – a “region”

# What's a “region”?

- Moscow (10 million people):
  - 3200 restaurants
  - 1000 of them – chains
- Nizhny Novgorod (1.5 million people):
  - 100 restaurants
  - 15 of them – chains

# “Regional” cities

- 13 cities with 1 million+ or more people
  - A few movie theatres
  - A few shopping malls
  - Quick service chains getting interested
- ~ 40 cities with 300,000+ people
  - No movie theatres
  - No shopping malls
  - No chains
  - YET!
- Money flows like pyramid of champagne glasses

# Problem? **Opportunity!**

- Rapid growth in retail and service sectors
- Incoming flow of investment
- No brands in Russia – create your own!
- Many services simply don't exist!
- Weak local competition
- Lower wages and rents
- Easier access to city officials

# Opportunity? **Problems!**

- Weak potential franchisees
  - Lack of savings, financing
  - Wrong skill set
  - Short-term mentality
- Uneducated customers
- Weak legal protection
- Regulatory uncertainty

# Conclusion

Right time, right place

Need right organization,  
right product, right people